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press release

Bank of Ireland Selects Compaq AlphaServers to Help Improve Profitability Management

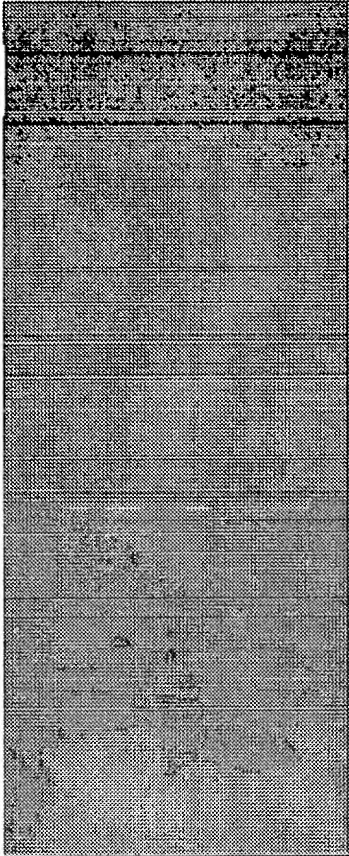
HOUSTON, December 3, 1998 - Continuing to provide technology and business solutions that allow financial services industry customers to stay competitive, Compaq Computer Corporation (NYSE: CPQ) today announced that Bank of Ireland, Ireland's leading bank with \$30 billion (US\$) in assets, has purchased Compaq AlphaServers to run its new profitability systems. Compaq, along with its partner Profit Management Group (PMG), will provide systems software and consulting to help the bank's business managers increase their understanding of and maximize the profitability of its customer relationships with better quality and quantity of information. This purchase by Bank of Ireland, which has used Compaq AlphaServers in a number of strategic projects, represents a significant extension of its relationship with Compaq.

The new solution at Bank of Ireland meets its business managers' needs for customer profitability, and product and organizational profitability information. PMG's software allows the bank to measure profitability at the customer level, giving managers better account control and measurement. The new solution will also help Bank of Ireland determine:

- Local market profitability reporting showing the impact of channel usage on profitability,
- Product, sector, channel and unit profitability information, and
- Channel capacity utilization and how effectively customers are using new and existing delivery channels.

"In today's competitive banking environment, banks have to do a better job of managing their return on assets," said Des Crowley, general manager, Retail Finance & Strategy at the Bank of Ireland. "With Compaq and PMG we're able to manage our customer relationships for profitability. Compaq is an important technology partner for the Bank and its relationship with PMG, as part of an overall CRM solution set, offers us a proven way to optimize this very important aspect of our business."

"Understanding profitability across products, channels and customers is essential for effective Customer Relationship Management," said Jerry Peterson, vice president of Financial Services and Electronic Commerce at Compaq. "Compaq's proven understanding of the banking business and processes



allowed us to give the Bank of Ireland a complete solution. This solution enables the bank to take advantage of the AlphaServers and analyze massive amounts of data very quickly for better decision-making that ultimately leads to more profitable customer relationships."

Company Background

Founded in 1982, Compaq Computer Corporation is a Fortune Global 100 company. Compaq is the second largest computer company in the world and the largest global supplier of personal computers. Compaq develops and markets hardware, software, solutions, and services, including industry-leading enterprise computing solutions, fault-tolerant business-critical solutions, networking and communication products, commercial desktop and portable products and consumer PCs. The company is an industry leader in environmentally friendly programs and business practices.

Compaq products are sold and supported in more than 100 countries through a network of authorized Compaq marketing partners. Customer support and information about Compaq and its products are available at <http://www.compaq.com>.

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Canadian Bank Mines for Data-Based Gold ACTION ITEMS

ComputerWorld has reported that the bank of Montreal wants to offer its customers the right product, at the right price, at the right time. And it wants to make money doing so. The bank hopes sophisticated data mining techniques will help it do just that.

Using advanced techniques in mathematics and artificial intelligence, data mining uncovers complex patterns or models in data. Those models are then used to help solve business problems that come up in direct marketing, credit-risk evaluation, fraud detection and other areas.

At The Bank of Montreal, that means taking information about bank customers -- their assets, services they use and their history of account fees, for example -- and crunching it to determine what products and prices can be customized to fit their individual needs.

"The whole idea behind database marketing and data mining is to switch from a focus on products to customers, to view them as households and analyze their portfolios," said Jan Mrazek, manager of the data mining group at the Toronto bank. The bank was founded in 1817 and has \$101 billion in assets.

The bank already has crunched the data on its 5.1 million customers and come up with a profitability figure for each - that is, how much revenue each customer generates for the bank in account fees and interest.

Those calculations took a staggering 1.5 years to crunch, primarily because the data-gathering process was time-consuming and complex, Mrazek said. Those calculations are processed and stored on an IBM SP2 server.

The bank then looked at each customer of its online banking service, Mbanx. It scored each customer and assigned each to a group of similar customers, such as highly educated people who are unprofitable in checking and savings accounts but profitable in mortgages and loans. That was accomplished by feeding to the data mining tools the profitability figures, demographics and behavioral variables.

The bank used clustering, available from IBM's Intelligent Miner data mining tool, to do that.

"Generically, what clustering identifies is how things are clumped together," said Herbert Edelstein, president of Two Crows Corp., a Potomac, Md.-based consultancy that specializes in data mining.

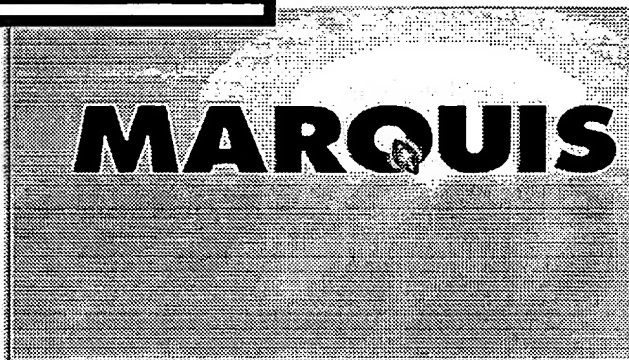
But he warned it won't reveal cause-and-effect relationships -- merely associations. "There may be cause and effect, but you need to go outside data mining to find it," such as through assumption or hypothesis based on experience and business knowledge, he said.

Return on investment for the project hasn't been calculated, Mrazek said. He declined to provide cost figures. The bank plans to update profitability calculations and customer clusters monthly, beginning next spring. The results will be stored in the Bank Information Warehouse, which resides in a DB2 database on an IBM 3090 mainframe that runs MVS. Information pertaining to Mbanx customers also will be stored on a data mart, an Oracle 7.3 database running on an IBM RS/6000.

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Press

MARQUIS Tops 300 MCIF-CRM Data Mart Clients Worldwide

Dallas, TX - April 18, 2000 - The Centrax Group announces that MARQUIS, its market leading MCIF-CRM Data Mart software, has been installed at over 300 financial institutions worldwide. Financial Institutions who use MARQUIS range in size from \$20 Million to \$15 Billion in Assets. A few of the countries where MARQUIS is represented include Canada, Australia, New Zealand, as well as the U.S.

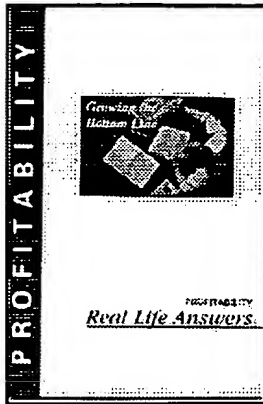
"To have over 300 users of MARQUIS in less than three years says a great deal about the product itself," stated Jay Kassing, president of Sales and Marketing for The Centrax Group. "MARQUIS clearly has a big advantage in the marketplace because it has all of the critical CRM features built-in." According to Kassing, an Enterprise-wide Sales Platform, Predictive Product Modeling, and Custom Messaging for On-Line Banking, are standard in MARQUIS, along with the classic MCIF capabilities. "It's the additional features that many view as non-standard but that we include, that help our clients manage customer relationships better. And the total integration of these capabilities is what has elevated MARQUIS from just an MCIF to a comprehensive MCIF-CRM Data Mart."

MARQUIS adds browser tools with netView

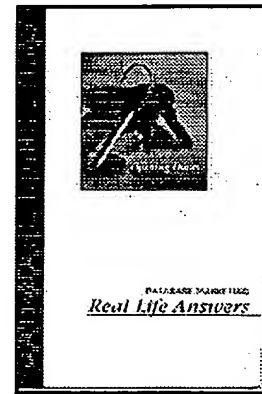
Dallas, TX - June 12, 2000 - The Centrax Group announces that MARQUIS, its market leading MCIF-CRM Data Mart software, can offer customer information enterprise-wide, via its netView browser based tools. Financial Institutions who use MARQUIS range in size from \$20 Million to \$15 Billion in Assets. A few of the countries where MARQUIS is represented include Canada, Australia, New Zealand, as well as the U.S.

For institutions that have embraced Intranet technology, Marquis offers browser-based solutions in Marquis netView that take advantage of the ESP - Sales Platform and Revelation - Executive Information System that come standard with Marquis. A fully integrated option,

Marquis netView provides complete and secure access to critical customer information. Cross-selling the right product to the right customer at the right time is available today, with Marquis netView.



Profitability



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Database Marketing Institute

**How Profitability Analysis is Used
in Financial Services Marketing
by Arthur Middleton Hughes**

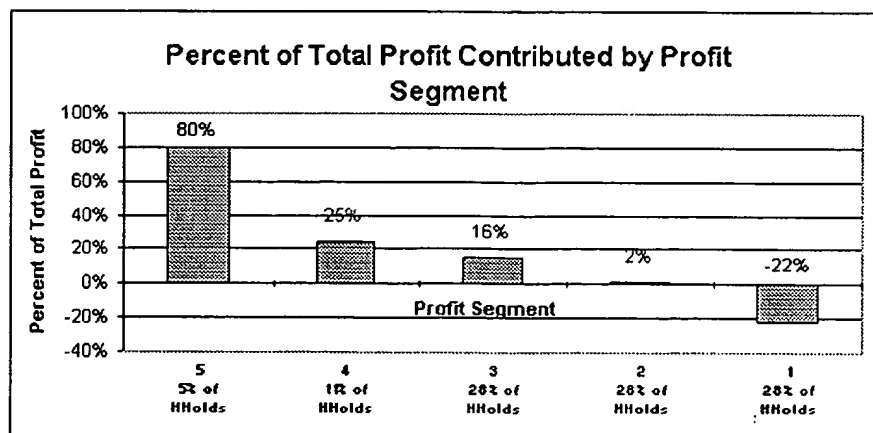
August 7, 2001

Banks have come a long way towards Customer Relationship Management in the past five years. In the 1980's most banks had not yet created a consolidated Marketing Customer Information File (MCIF). Their credit card accounts were kept on one computer, checking accounts on another, and home mortgages on a third. By 1990, most banks had figured out how to group all customer accounts together on an MCIF, even if they were maintained separately.

The next step was determining the profitability of each customer. This is not easy. Modern profitability software adds up the revenues from each account, and subtracts the bank's costs on a monthly basis. The costs include the cost of the funds, provision for losses, overhead, deposit insurance, and customer's usage of bank services. Profitability software is still in its infancy. It offers a real challenge for software providers to deliver an outstanding product.

Once the software has determined the profitability of each account each month, each customer's total profitability has to be computed by adding together the profits or losses from each of his accounts. When banks first do this calculation, it often comes as quite a shock. Some, like the Fleet Bank, have found that as many as half of their total customers are unprofitable. Many will never be profitable. Their marketing staffs are busy working to acquire and retain people who destroy value for the bank!

With knowledge of profitability, banks begin to classify their customers into profitability segments so that they can understand and modify customer and employee behavior. Here is the way one bank classified its customers in a recent month:



determines customer profitability and lifetime value each month, and also computes potential lifetime value if the customer can be talked into purchasing the most likely next products. In this way, Fleet manages its customer relationships in a highly professional manner.

How can you take advantage of this revolution in banking customer management? Bank marketers should:

- Have profitability computation software available
- Assist banks in creating marketing customer profitability customer segments
- Help to create "Next best product" software
- Have the results of these program appear on customer contact screens throughout the bank
- Assist banks in moving their customers towards profitability, using these new techniques.

Arthur Hughes is Vice President for Strategic Planning of MS Database Marketing in Los Angeles www.msdbm.com. The author of *The Complete Database Marketer* (McGraw Hill 1996) he can be reached at ahughes@msdbm.com or at (703) 525-9637. MS Database Marketing provides Customer Management and Internet Marketing services.

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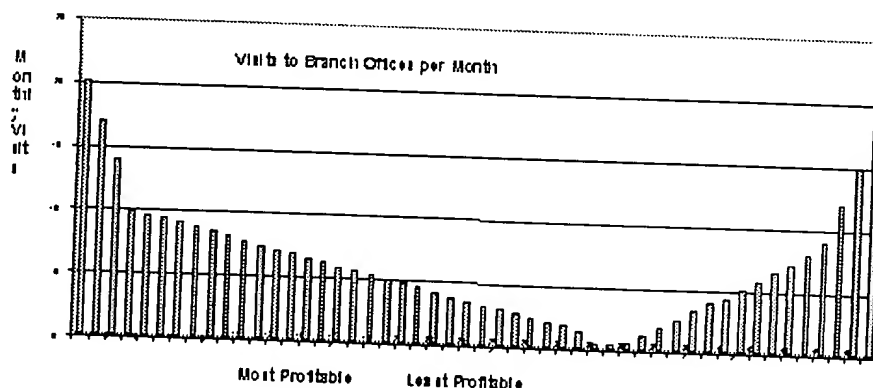
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The top two segments, representing 16% of the bank's customers, were responsible for 105% of the bank's total profit. The bottom 28% represented a loss of 22% of the profit. This picture is typical of many banks.

What are banks doing about this situation? In the first place, few banks have reached this stage yet, and most of those have not developed any conscious strategies to deal with the problem. Those that have developed a plan, however, have come up with some innovative ideas.

Most are working very hard to retain the customers in the top two groups. These are designated as Gold customers. Banks try to extend special services to them. Gold customers call in on special toll free lines. Branch managers are furnished with the names of their top customers, and are instructed to meet and greet them when they visit a branch. They are assigned personal bankers, who call and introduce themselves.

The customer access screens used by bank personnel include a profitability code, so employees can know whether they are dealing with a 5, 4, 3, 2, or 1. When the loans for the 1s come up for renewal, they are renewed at a higher rate, to try to nudge them into profitability, or possibly to get them to take their business elsewhere. The software does something else which is quite sophisticated. The software determines which bank products should be suggested to the customer during customer contacts on the phone or in person. These products are selected by formulas that determine what bank products the customer currently uses, and what his current balances would indicate that he might be eligible for and want to use next. The software also suggests the appropriate rates for loans or CDs based both on the current market, and the customer's profitability level. The bank software is often tied to the customer service call director, which routes Gold customer calls to special Gold Service teams, and provides only minimal service for unprofitable customers.



Customers who visit branch offices cost the bank considerable money. It is much more economical for customers to use an ATM, mail, or PC banking. For this reason, some banks have tried to discourage branch visits by charging a fee. Profitability analysis shows that such policies may be a serious mistake. As the above chart indicates, branches are visited most by two groups: the most profitable and the least profitable. Policies that turn away unprofitable customers may also turn off Gold customers.

Beyond Profitability

Profitability only measures the past. Lifetime value projects this into the future, and looks at what each customer can do for the bank in the coming years. Fleet Bank, for example,